

CONTAINER CORPORATION OF AMERICA

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CORPORATION FILE



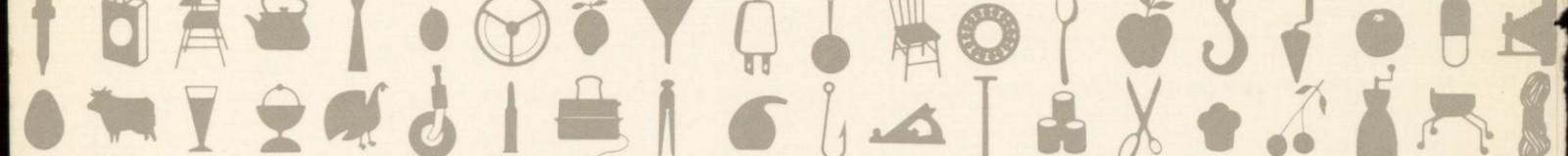
ANNUAL REPORT 1962



BUILDING MATERIALS, CANNED FOODS, CAPS AND CLOSURES, CEREAL PRODUCTS, CHEMICALS, CHINA AND POTTERY, CLOTHING,



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COFFEE, TEA, COCOA, CONFECTIONERY, COSMETICS, DAIRY PRODUCTS, EXPLOSIVES, ELECTRICAL PRODUCTS, FROZEN FOODS, FRUITS



AND VEGETABLES, FURNITURE, GLASS PRODUCTS, HARDWARE, HOUSEHOLD GOODS, LINENS AND TOWELS, LIQUOR AND WINE.



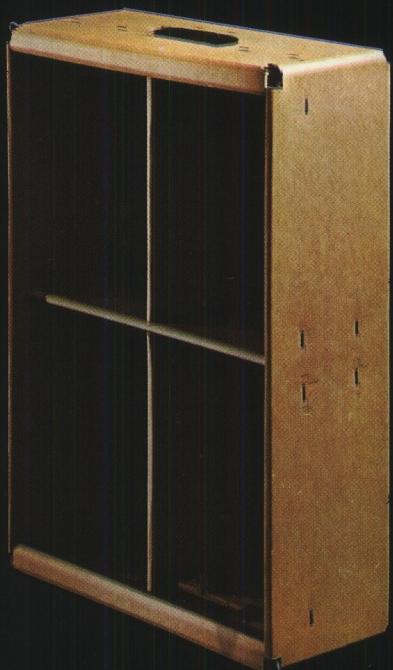
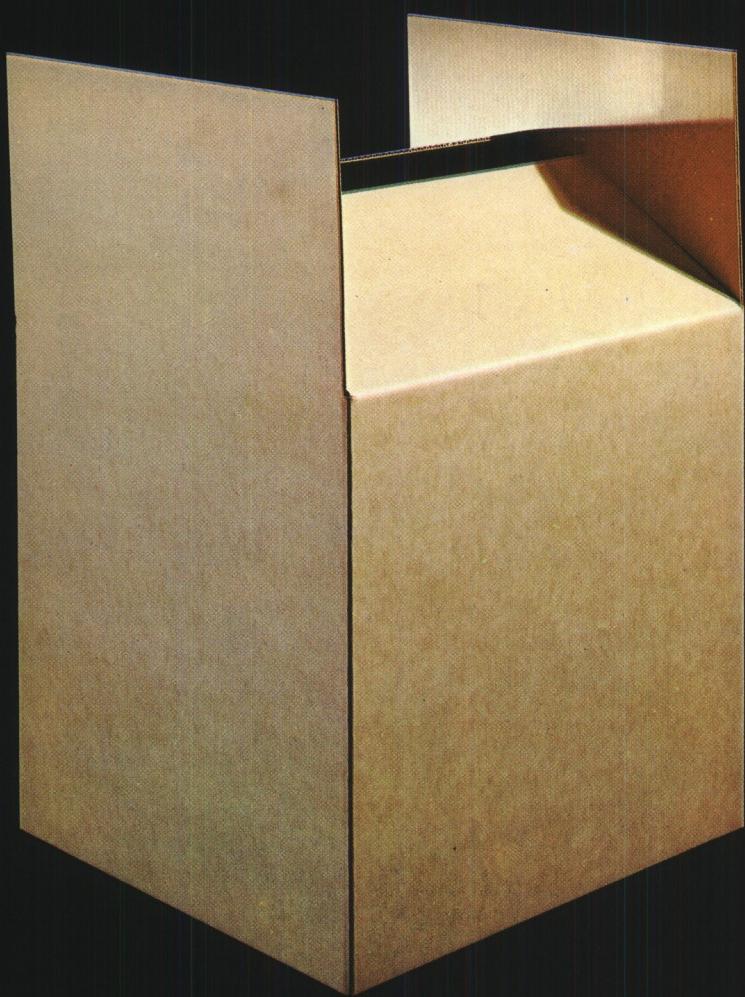
MACHINES AND PARTS, MATCHES, MEAT PRODUCTS, PAINT, VARNISH, PAPER PRODUCTS, PERSONAL ACCESSORIES, PETROLEUM,

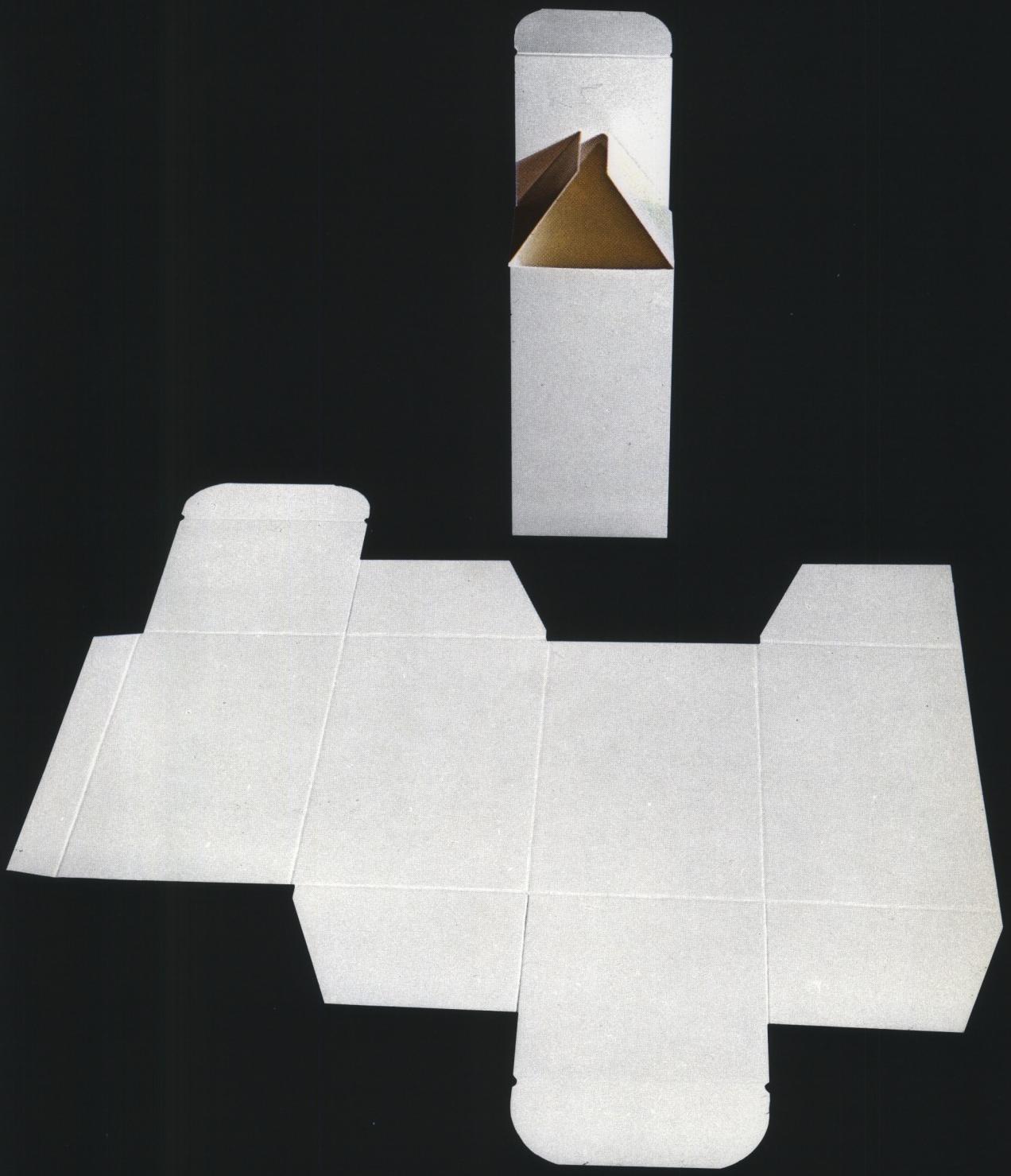


PRODUCTS, PHARMACEUTICALS, PUBLISHERS, PRINTERS, RADIO PRODUCTS, RUBBER GOODS, SOAPS AND CLEANSERS, SOFT DRINKS



SPICES, SPORTING GOODS, SUGAR AND SALT, TEXTILES, TOBACCO PRODUCTS, TOOLS, TOYS AND GAMES, VEGETABLE PRODUCTS.





REPORT TO SHAREHOLDERS AND EMPLOYEES

MARCH 11, 1963

Today three out of four items produced and packaged in the United States are merchandised in packaging made of paperboard. This is the business of Container Corporation of America.

As the world's largest producer of paperboard packaging, Container Corporation has led the way in developing and manufacturing paperboard products to meet the nation's growing packaging needs. The products manufactured by our company—corrugated shipping containers, folding cartons, fibre cans, and plastic packaging—are illustrated in this report.

These basic products take on thousands of designs and forms. Each is the product of creativity and ingenuity; each is designed to adapt a basic packaging product to a specific packaging need. The power of packaging and the strength of Container Corporation both stem from this ability to provide for the packaging needs of almost any product, to simplify and speed packaging procedures on the production line, to protect the product during shipping and warehousing, to merchandise the product at the point of sale, and to provide additional convenience to the consumer at the point of use.

The effects of the marketing evolution which has created demands for paperboard products in the United States are now being experienced abroad. Expanding populations and constantly improving standards of living throughout the world clearly indicate that the packaging needs of tomorrow will be even greater than those of today.

Container Corporation is prepared to meet these demands. Our fabricating plants and paperboard mills are strategically located to serve major marketing centers in the United States, Western Europe, and Latin America.

The human resources of our company, our most valuable asset, are committed to continued emphasis on forward planning, basic and applied research, and further development of creative services. This emphasis will enable our company to maintain leadership in developing and manufacturing packaging products, and to supply the specialized services which make these products function as effective marketing tools.

These objectives are aided by our continuing program of plant and machinery modernization and expansion, providing our organization with the most efficient working tools to meet the increasing competition, the price-profit squeeze, and other problems of the coming year. With full realization of these challenges, we face the future with confidence and optimism.

A GLANCE AT THE LAST TWO YEARS

	1962	1961
Sales	343 045 000	330 098 000
Tons shipped	1 405 000	1 344 000
Earnings	18 670 000	18 298 000*
Per common share	1.72	1.68*
Per cent return on shareholders' investment	12.0	12.6
Dividends	9 042 000	9 882 000
Per cent of earnings	48	54
Preferred (per share)	4.00	4.00
Common (per share)	.82½	.90
Earnings retained for requirements of the business	9 628 000	8 416 000*
Depreciation and depletion	14 772 000	13 467 000
Plant and paper mill additions and improvements	23 966 000	19 522 000
Working capital (current assets less current liabilities)	49 299 000	46 294 000
Taxes (federal, state, and local)	27 554 000	26 606 000
Per common share	2.56	2.48
Shareholders' investment at year end	166 474 000	156 193 000
Shareholders' investment per employee	8 553	8 172

*Excludes non-recurring earnings of \$1,894,000 or 18¢ per share

FINANCIAL REVIEW

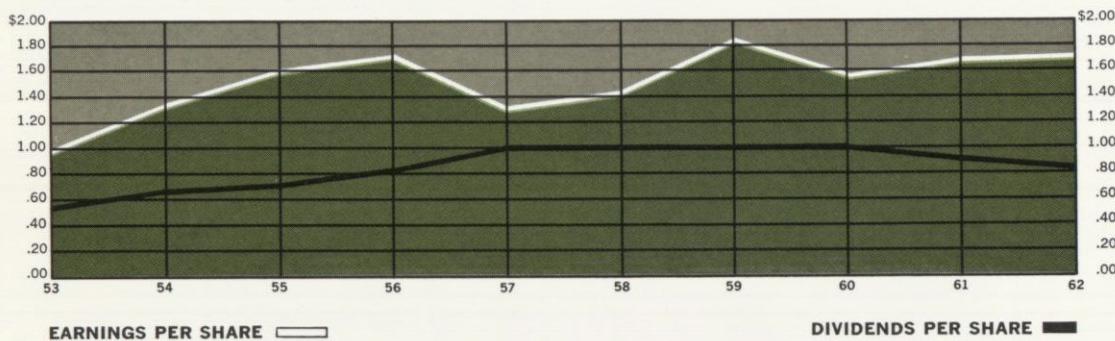
Earnings in 1962 after all charges were \$18,670,000, compared with \$18,298,000 the previous year. These earnings include all domestic and overseas operations and amount to \$1.72 per common share, after providing for preferred dividends, compared with \$1.68 in 1961. Our equity in overseas earnings amounted to \$2,910,000 compared with \$2,275,000 the previous year, an increase of 28 per cent.

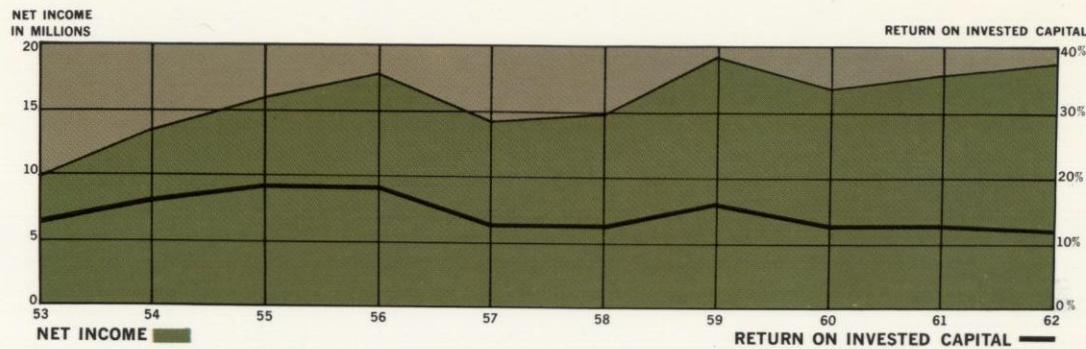
Domestic and overseas income taxes amounted to \$19.6 million in 1962, compared with \$18.5 million the previous year. The investment credit allowed by the recently enacted tax law reduced 1962 federal taxes by approximately \$750,000. This reduction has not been treated as income during the current year, but the benefit will be credited to income over the life of the assets on which this investment credit is allowed. New depreciation schedules issued by the Treasury Department had only a minor effect on Container Corporation's income in 1962, as it has been the company's practice to provide depreciation consistent with the anticipated useful life of its buildings and equipment. Depreciation and depletion amounted to \$14.8 million, compared with \$13.5 million in 1961.

Quarterly earnings per share on common stock outstanding were:

	1962	1961
1st Quarter	.35	.38
2nd Quarter	.47	.43
3rd Quarter	.46	.38
4th Quarter	.44*	.49*
Total	1.72	1.68

*Fourth quarter earnings include a year-end adjustment credit of 9 cents per share for 1962 compared with 14 cents for 1961.





The Company's 1962 earnings represented a return of 12 per cent on invested capital. This rate of return on equity continues to be among the highest in the paperboard industry.

Selling, administrative and research expenses for the year amounted to \$30.8 million, compared with \$28.8 million in 1961.

Earnings for 1962 were credited to earnings retained for the requirements of business, and preferred and common dividends of \$9.0 million were charged to this account. The balance of \$9.6 million was retained for the requirements of business.

DIVIDEND INCREASED

At the September board meeting, the directors increased the quarterly dividend on common stock from 20 cents to 22½ cents per share. This increase raised Container Corporation's common stock dividend to an annual rate of 90 cents.

Dividends disbursed in 1962 were as follows:

Preferred Stock		Common Stock	
March 1	1.00	February 23	.20
June 1	1.00	May 25	.20
August 31	1.00	August 24	.20
November 30	1.00	November 23	.22½
Total	4.00		.82½

SALES REACH RECORD HIGH

Sales for the year reached an all time high of \$343 million. This sales record represents an increase of four per cent over the previous high of \$330 million in 1961. Overseas sales during 1962 totaled \$69.8 million, an increase of five per cent over 1961.

The tabulation below shows the distribution of sales dollars, according to product classifications.

Corrugated and solid fibre shipping containers	165 457 000	48%
Folding cartons, fibre cans and plastic products	117 496 000	34
Paperboard, pulp, waste paper and other	60 092 000	18
Total sales	343 045 000	100

The following comparative tabulation shows the distribution of the Company's sales dollars.

	1962	1961		
Sales	343 045 000	330 098 000	100.0%	100.0%
Purchased paperboard, waste paper, pulp wood, pulp and other raw materials	119 905 000	113 765 000	35.0	34.5
Labor	69 487 000	66 115 000	20.3	20.0
Factory supplies and expense	61 900 000	61 856 000	18.0	18.7
Provision for depreciation and depletion	14 772 000	13 467 000	4.3	4.1
Selling, administrative, and other expenses (excluding depreciation and taxes)	30 757 000	29 991 000	9.0	9.1
Federal, state and local taxes	27 554 000	26 606 000	8.0	8.0
Dividends	9 042 000	9 882 000	2.6	3.0
Operating earnings retained for requirements of the business	9 628 000	8 416 000	2.8	2.6

WORKING CAPITAL AND SHAREHOLDER EQUITY INCREASED

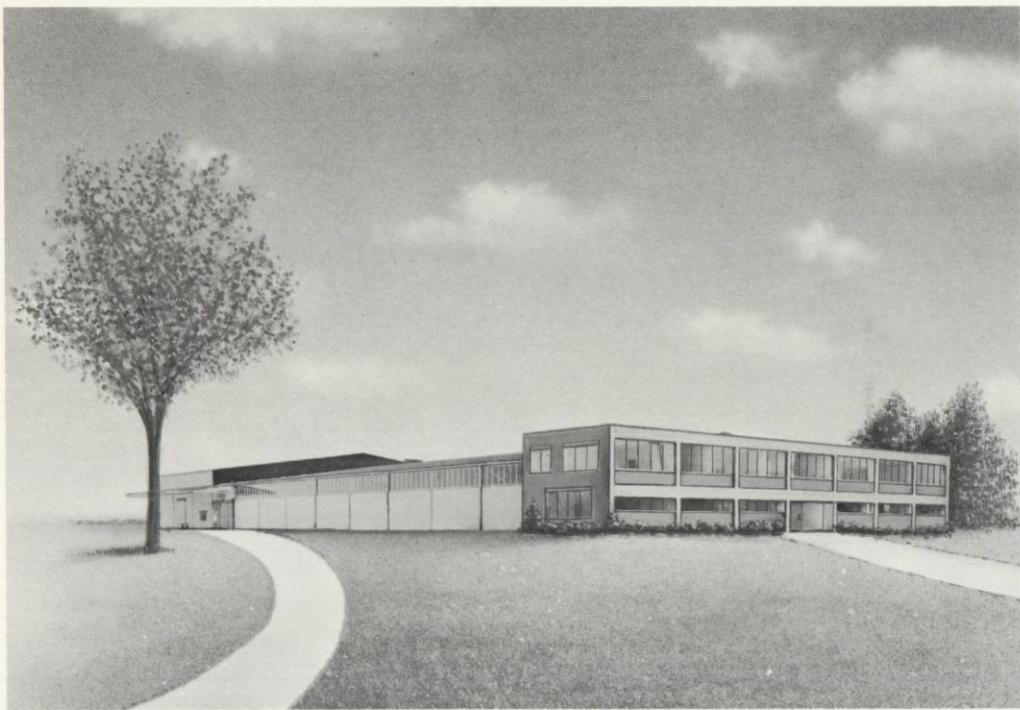
At the end of 1962, working capital amounted to \$49.3 million, compared with \$46.3 in 1961.

Source and application of funds

	Funds were provided from:	Funds were expended for:	
Earnings	18 670 000	23 214 000	Net additions to plant and equipment
Depreciation and Depletion	14 772 000	23 939 000	Funds set aside for plant additions and improvements
Increase in long-term debt	22 246 000	9 042 000	Dividends
Deferred income taxes and other sources, net	3 512 000	3 005 000	Increase in working capital

WORKING CAPITAL. The following tabulation shows changes in working capital:

	December 31		
CURRENT ASSETS:	1962	1961	Increase or Decrease
Cash and marketable securities	27 735 000	30 299 000	2 564 000
Accounts receivable	30 364 000	29 315 000	1 049 000
Inventories	33 187 000	30 979 000	2 208 000
Prepaid expenses	3 121 000	3 341 000	220 000
Total current assets	94 407 000	93 934 000	473 000
CURRENT LIABILITIES:			
Short-term loans and current portion of long-term debt	8 606 000	8 739 000	133 000
Accounts payable and accrued expenses	23 663 000	23 717 000	54 000
Accrued income taxes	12 839 000	15 184 000	2 345 000
Total current liabilities	45 108 000	47 640 000	2 532 000
Net working capital	49 299 000	46 294 000	3 005 000



Heppenheim, West Germany, solid fibre shipping container plant is newest of Container's 51 overseas facilities.

In keeping with present trends in financial reporting, certain prepaid expenses and other assets have been classified as current assets. Deferred income taxes and certain other liabilities have been classified as long-term liabilities. Prior years balance sheets have been reclassified on a comparable basis.

Shareholders' equity of \$166 million was \$14.94 per common share at the close of 1962, compared to \$14.01 per share a year ago.

Outstanding common shares increased 49,730 during the year due to the exercise of stock options. This resulted in additional working capital of \$1,009,000.

Total number of shares of common stock outstanding at the end of 1962 amounted to 10,760,000. These shares are owned by individuals residing in each of the 50 states and in 20 foreign countries. At the end of 1962, there were 17,808 individual shareholders, excluding shares registered in the names of brokers, institutions, and corporations. A year earlier, the comparable number of shareholders was 17,978. The average individual share-



New paperboard mill of Cartones Nacionales, S. A., located at Valencia, near Caracas, Venezuela.

holder owned 304 shares. The largest individual or corporate shareholder, other than the Container Common Stock Trust, owned approximately 2.9 per cent of the company's outstanding common shares.

PAPERBOARD PRODUCTION RISES

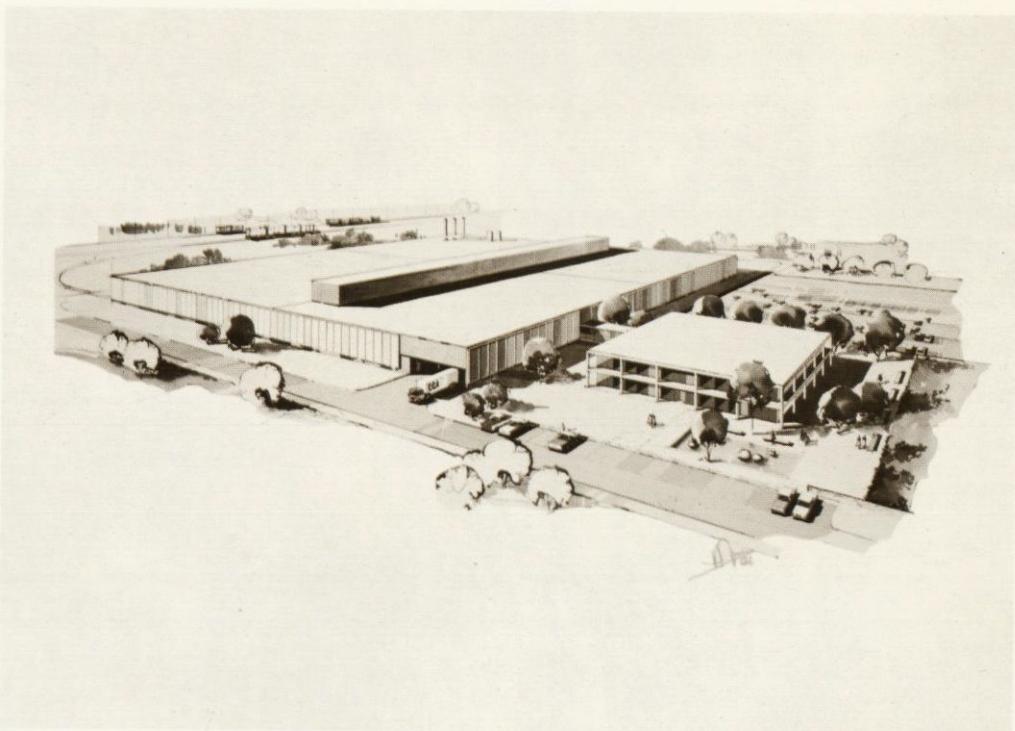
The domestic paperboard industry's 1962 production of 17.7 million tons set a new record for the nation, climbing 5.8 per cent above the previous record high of 16.7 million tons in 1961. The industry operated at 92 per cent of capacity in 1962, compared to 91 per cent during the previous year. Container Corporation's domestic production of paperboard totaled 1,082,000 tons in 1962.

Total 1962 paperboard production of the company's mills, including domestic and overseas operations, is presented in the following tabulation, a ten-year comparison of paperboard tonnage produced in our mills, and tons of finished products shipped by the domestic and overseas operations of our company each year since 1953.



Paperboard mill at Brewton, Alabama, being enlarged as part of current modernization program.

	Tons Produced in Mills	Tons Finished Product Shipped
1953	718 000	869 000
1954	731 000	835 000
1955	828 000	1 026 000
1956	859 000	1 086 000
1957	894 000	1 037 000
1958	1 073 000	1 124 000
1959	1 202 000	1 245 000
1960	1 220 000	1 281 000
1961	1 278 000	1 344 000
1962	1 315 000	1 405 000



Carol Stream, near Chicago, Illinois, is site of largest of Container's 12 domestic folding carton plants.

CAPITAL EXPENDITURES

To enable our company to continue to meet the growing demand for paperboard products in the future, Container Corporation conducts a continuous program of selective modernization and expansion, intended to provide modern paperboard mills and package fabricating facilities in major marketing areas.

In 1962 expansion and modernization projects at many company facilities involved capital expenditures of \$24.0 million, compared with capital expenditures of \$19.5 million in 1961.

A folding carton manufacturing plant is being constructed at Carol Stream, near Chicago, Illinois. Fabricating equipment currently is being installed in this plant, which will be the largest folding carton plant in the country when it begins operations in 1963.

A new building program designed to improve the efficiency and increase production of our corrugated shipping container manufacturing plant at Anderson, Indiana, was begun in 1962. A modern and efficient shipping

container fabricating plant was opened in Sioux City, Iowa, replacing an obsolete plant located there.

Our Fibre Can and Plastics Division began production of fibre cans in new plants in San Jose, California, and Jamesburg, New Jersey, in 1962.

CAPITAL EXPANSION AND MODERNIZATION PROGRAM

On December 31, 1962, the carry-over of unexpended capital authorizations amounted to \$41.8 million. This carry-over includes authorization for expansion and modernization of paperboard mills at Brewton, Alabama, and Circleville, Ohio.

To finance extensive capital improvements at these two mills, a \$25 million issue of 4.4 per cent debentures was sold at par in June, 1962. Sinking fund payments will begin in 1968 and continue through 1986 at the rate of \$1 million per year. Of these funds \$20 million will be used to expand our mill in Brewton, Alabama. Production capacity of the mill will be doubled as a result of these capital improvements, which will include a new paperboard machine to produce bleached, unbleached, and specialty containerboards. The remaining \$5 million is being used for a new paperboard machine to expand and modernize our mill at Circleville, Ohio.

Operations in future years will benefit from the economies and improved quality to be derived from the use of these new facilities.

No additional major financing is contemplated by the company at the present time.

DOMESTIC AND OVERSEAS OPERATIONS

Package manufacturing facilities of Container Corporation are currently located throughout the United States and in seven nations of Western Europe and Latin America. Domestic and overseas operations are strategically situated in relation to the major marketing centers they serve.

Domestic facilities of the company, at the end of 1962, included 73 plants and mills located in 50 cities in 23 states.

Overseas packaging operations today are being conducted at 51 installations in Austria, Colombia, Italy, Mexico, Venezuela, West Germany, and the Netherlands.

Our West German subsidiary, Europa Carton, A. G., completed construction of a new plant for the manufacture of solid fibre containers in December, 1962. The plant, located in the town of Heppenheim, near Frankfurt, is producing solid fibre shipping containers similar to those made in the United States to serve the beer and soft drink industries of West Germany.

Our Venezuelan subsidiary, Cartones Nacionales, S. A., began production in a new paperboard mill designed for an eventual production of 150 tons per day. The new mill is located in Valencia, near Caracas, Venezuela.

A third paperboard machine was added at the Carton de Colombia plant in Cali, Colombia with a capacity of fifty tons per day.

The company continues to seek profitable opportunities to expand operations, as part of a broader, overall effort to anticipate and meet future packaging needs, and to concentrate operations in packaging fields which permit us to add substantial value to basic raw materials.

TIMBER MANAGEMENT

Container Corporation controls 383,000 acres of timberland through fee simple ownership, long term leases, or timber rights. Continuous progress is being made in the development of genetically superior seedlings. Management of land is being directed toward improving the yield per acre, and applying improved techniques in the growth and general management of timberland under the control of the company.

RESEARCH FOR NEW AND IMPROVED PRODUCTS

In 1962 the company invested \$3.3 million in research and development activities conducted at centers established at Valley Forge, Pennsylvania; Chicago, Illinois; and St. Louis, Missouri. Major research projects were concentrated in three primary areas:

Research involving packages to open up new markets for the company through combination of paperboard with plastics and other functional materials.

Development of packaging systems and procedures to increase the speed and efficiency of our customers' packaging operations to help them to deliver goods to the market place, and to merchandise their products to the ultimate consumer.

Development of packages to increase consumer convenience.

Results of research projects of yesterday are today being converted into sales. For this reason, our current expenditures for research are viewed as an investment in the future of our company.

For example, the Puritainer, a plastic bag-in-box combination developed recently by the Container Division, is being used successfully by a few dairies for retail distribution of liquid dairy products, and is being market-tested for home and institutional use by numerous other companies.

Dinacor, a new, high strength, double-wall, corrugated fibreboard developed by the Container Division, is being used for packing, storing and shipping of bulk plastics, chemicals, foods and products which require containers of unusual strength or rigidity.

The Container Division is also working with a major manufacturer of materials handling equipment to perfect a vacuum-handling system which promises increased efficiency and economy in materials handling and warehousing procedures for our customers.

The Cekatainer system, which combines a sealed plastic bag with a paperboard carton for vacuumized or inert-gas packaging of liquid, powder, granular, paste and solid products, is among new packages and techniques perfected by our Folding Carton Research Laboratory. This laboratory is also developing new structural designs and new machines for high speed automated packaging production lines. Folding cartons recently developed to increase the convenience of consumer use of ice cream, frozen foods, and other products are now being used successfully by our customers.

Fibre cans lined with aluminum foil, produced by our Fibre Can and Plastics Division, are now being used by leading companies throughout the nation for packaging motor oil, citrus juice concentrates, and other products. The division is currently investigating the use of plastic and other barrier materials which will enable the company to open up new markets for many packaging products. The division also is continuing its efforts in research and development of injection, compression, and blow-molded plastic products.

ADVERTISING AND MARKETING PROGRAM

Included in this report is an advertisement from our 1962 management advertising series. This campaign relates our products and services to the marketing problems of customer and prospect companies, emphasizing that our production operations, design capabilities, machinery developments, and related packaging services are oriented toward solution of their marketing problems. These communications are aimed primarily at business management, to support direct sales activities of the various divisions of our company.

The corporate advertising presentation of "The Great Ideas of Western Man," continues to serve as a dramatic vehicle for the projection of our company's creativity and leadership. During 1962 artwork from this advertising campaign was exhibited in leading art museums and galleries through-

out the nation. Exhibits in cities where our plants are located helped to reinforce the company's image of leadership to customers and prospects.

The program of presenting marketing information to the management of customer companies, through sponsorship of marketing seminars featuring distinguished marketing executives and educators, has been continued. Our company presented a marketing seminar as a service to the dairy industry in 1962, and plans to sponsor similar events for other industries during the coming year.

EMPLOYEE RELATIONS PROGRAM

One of our most important continuing tasks is the recruitment and development of competent management personnel to staff our expanding operations. The primary role of our personnel recruitment is to service producing units, by applying professional standards in selection of personnel who will be able to contribute to our company's future. In 1962 we reorganized and intensified our personnel recruitment and training programs and made further progress in developing a vigorous management team for continuing the growth of our company.

At the close of 1962, a total of 19,463 men and women were employed by Container Corporation and its subsidiaries.

Under the company's management profit-sharing plan, payment of \$319,680 to 74 participants was approved for 1962 by non-participating directors responsible for the determination of payments. This compares with payments of \$268,115 made to 70 participants in the previous year.

Under the stock option plan 470,294 shares of common stock were under option to 259 officers and key employees at the beginning of 1962. During the year 49,730 were exercised and issued, and 20,620 were canceled. At the year end, options for the purchase of 399,944 shares of common stock were outstanding. The privilege of granting options under the plan expired on January 1, 1961.

In 1962 the company contributed \$1,855,000 to its stock bonus plan for the benefit of 2,019 employee members. At the end of 1962, the Container Common Stock Trust Fund owned 640,957 shares of the outstanding common stock of the company.

As part of the company's pension plan, 898 employees or their joint annuitants were receiving pensions on December 31, 1962. A total of 1,417 employees have received pensions since the original plans were instituted.

As a result of safety programs conducted by the company, fourteen

plants, nine truck fleets, and one timber division worked throughout the year without a chargeable lost-time accident. The company's Solon, Ohio, folding carton plant and its Chicago Lake Shore paper mill have each worked more than a million man hours without a lost-time accident.

During the year negotiations were concluded, without work stoppages, with 108 bargaining units represented by 17 international unions.

CONCORA FOUNDATION

The Foundation was established in 1951 as a non-profit corporation to aid charitable, scientific and educational institutions. The Company made no contribution to the Foundation during 1962. At year end the book value of its assets stood at \$1,158,000. Concora's grants of \$368,000 in 1962 were divided 59 per cent to education, 36 per cent to charitable organizations, and 5 per cent to scientific and cultural organizations.

ADDITIONAL OFFICERS ELECTED

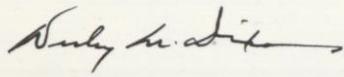
At the April, 1962, meeting of the Board of Directors, the following additional officers were elected:

Edwin H. Bixby, *Vice President*
Ralph B. Busch, *Vice President*
G. William Colvin, *Vice President*
J. Donald Scott, *Vice President*
William B. Whiting, *Vice President*

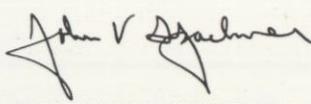
At the September meeting the Directors regretfully accepted the resignation of John E. Bierwirth, Chairman of National Distillers and Chemical Corporation, who for seventeen years has served with devotion and distinction as a Director. After Mr. Bierwirth's resignation the Board was reduced from ten to nine members.

On December 31, 1962, Ermin P. Ruf, President of the Wayne Paper Box Division, retired after 54 years of distinguished service to our company and the industry.

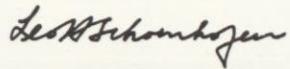
On behalf of the Board of Directors and Senior Management, we extend appreciation to all members of the organization for their efforts toward the successful results for the year.



CHAIRMAN OF THE BOARD



VICE CHAIRMAN OF THE BOARD



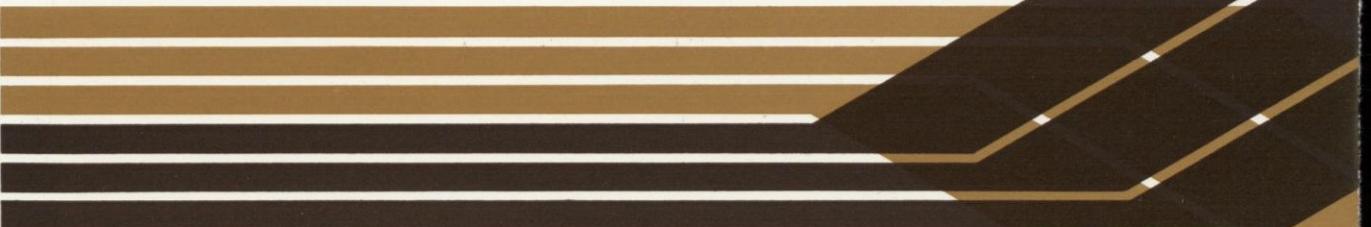
PRESIDENT

The Annual Meeting of the shareholders will be held on Tuesday, April 23, 1963. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to shareholders on or about March 25, 1963, at which time proxies will be requested by the management.



WOOD PULP

PAPER STOCK



Integrated operations of Container Corporation begin at source of raw materials, and flow through paperboard mills to fabricating operations which produce finished paperboard packaging for a variety of consumer products. Facilities which produce folding cartons, shipping containers, displays, fibre cans, plastic packaging, and other packaging products (see map above) are located adjacent to major marketing centers in U. S., Latin America, and Western Europe.

**DOMESTIC
FACILITIES****PAPERBOARD MILLS**

Brewton, Ala.
Carthage, Ind.
Chattanooga, Tenn.
Chicago, Ill. (2)
Cincinnati, Ohio
Circleville, Ohio
Fernandina, Fla.
Los Angeles, Calif.
Noblesville, Ind.
Philadelphia, Pa.
Santa Clara, Calif.
Tacoma, Wash.
Wabash, Ind.
Wilmington, Del.

PAPER STOCK
Baltimore, Md.
Chicago, Ill.
Detroit, Mich.
Kalamazoo, Mich.
Los Angeles, Calif.
Philadelphia, Pa.

PAPERBOARD MILLS

Anderson, Ind.
Baltimore, Md.
Boston, Mass.
Chattanooga, Tenn.
Chicago, Ill.
Cincinnati, Ohio
Dolton, Ill.
Fernandina, Fla.
Fort Worth, Texas
Fresno, Calif.
Fulton, N.Y.
Houston, Texas
Knoxville, Tenn.
Lexington, Ky.
Los Angeles, Calif.
Louisville, Ky.
Memphis, Tenn.
Muskegee, Okla.
Nashville, Tenn.
New Brunswick, N.J.
Oakland, Calif.
Philadelphia, Pa.
Portland, Ore.
Rock Island, Ill.
Seattle, Wash.
Sioux City, Iowa
Winston-Salem, N.C.

**SHIPPING
CONTAINER**

Chicago, Ill.
Cincinnati, Ohio
New Brunswick, N.J.
Oakland, Calif.
Rock Island, Ill.

FOLDING CARTON

Boston, Mass.
Chattanooga, Tenn.
Chicago, Ill. (2)
Dallas/Fort Worth, Tex.
Fort Wayne, Ind.
Greensboro, N.C.
Los Angeles, Calif.
Philadelphia, Pa.
Renton, Wash.
Santa Clara, Calif.
Solon, Ohio
Valley Forge, Pa.

DISPLAYS

Chicago, Ill.
Cincinnati, Ohio
New Brunswick, N.J.
Oakland, Calif.
Rock Island, Ill.

FOLDING CARTON

Boston, Mass.
Chattanooga, Tenn.
Chicago, Ill. (2)
Dallas/Fort Worth, Tex.
Fort Wayne, Ind.
Greensboro, N.C.
Los Angeles, Calif.
Philadelphia, Pa.
Renton, Wash.
Santa Clara, Calif.
Solon, Ohio
Valley Forge, Pa.

FIBRE CAN

Jamesburg, N.J.
Jeffersonville, Ind.
New Orleans, La.
Los Angeles, Calif.
Piqua, Ohio
Portland, Ore.
St. Louis, Mo.
San Jose, Calif.

PLASTICS

Chicago, Ill.
Los Angeles, Calif.
Totowa, N.J.

**LATIN AMERICAN
FACILITIES**

PAPERBOARD MILLS

Cali, Colombia
Mexico City, Mexico (2)
Caracas, Venezuela
Valencia, Venezuela

PAPER STOCK

Colombia
4 plants
7 collection centers

Venezuela
4 plants
5 collection centers

Mexico City, Mexico

**SHIPPING
CONTAINER**

Barranquilla, Colombia
Bogota, Colombia
Cali, Colombia
Medellin, Colombia
Mexico City, Mexico
Caracas, Venezuela
Maracaibo, Venezuela
Maracay, Venezuela

FOLDING CARTON

Cali, Colombia
Mexico City, Mexico
Caracas, Venezuela
Valencia, Venezuela

FIBRE CAN

Cali, Colombia
Mexico City, Mexico

MULTIWALL BAGS

Cali, Colombia

EUROPEAN FACILITIES**PAPERBOARD MILLS**

Isoletta, Italy
Milan, Italy
Alling, West Germany
Hoya, West Germany
Lubbecke, West Germany
Viersen, West Germany

PAPER STOCK

Hamburg, West Germany
Nürnberg, West Germany

SHIPPING CONTAINER

Novi Ligure, Italy
Soest, Netherlands
Düsseldorf, West Germany
Hamburg, West Germany
Heppenheim, West Germany
Lübecke, West Germany
Nürnberg, West Germany
Zwiesel, West Germany

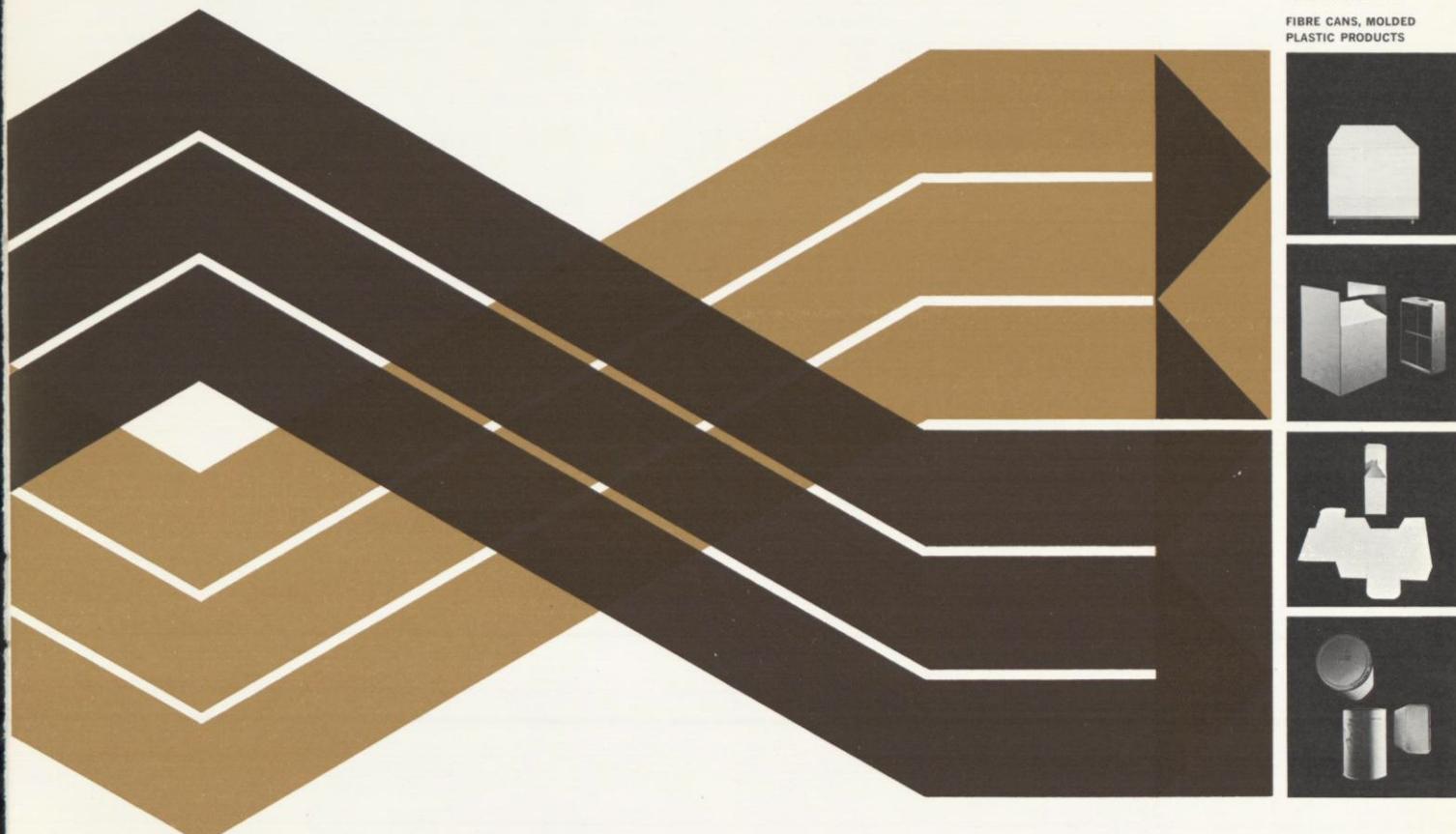
FOLDING CARTON

Vienna, Austria
Orsenigo (Como), Italy
Augsburg, West Germany
Bremen, West Germany
Hamburg, West Germany

FIBRE CAN

Orsenigo (Como), Italy

**PAPERBOARD
SHIPPING CONTAINERS
FOLDING CARTONS
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What do women think of you?

Finding out can be fun—socially. In packaging your product the process can be fatally expensive. As a CCA customer you can know what shoppers think of your package well in advance of its trial by market. We can ask pointed questions of women in our 10,000-housewife Consumer Panel. We get pointed answers. Thumbs up, you go ahead confidently. Thumbs down, back to the drawing board confidently. Reducing marketing hazards is one way we speed your marketing cycle from the point of production to the decisive moment of purchase.

CONTAINER CORPORATION OF AMERICA 

FINANCIAL SECTION

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS—DECEMBER 31, 1962 AND 1961

ASSETS	1962	1961
CURRENT ASSETS:		
Cash	\$ 9 501 000	\$ 11 168 000
Marketable securities	18 234 000	19 131 000
Receivables, less reserves	30 364 000	29 315 000
Inventories of finished goods, work in process, raw materials and supplies —priced at the lower of average cost or market	33 187 000	30 979 000
Prepaid expenses	3 121 000	3 341 000
Total current assets	94 407 000	93 934 000
CASH AND SECURITIES SET ASIDE FOR PLANT ADDITIONS AND IMPROVEMENTS		
	23 939 000	—
INVESTMENTS AND ADVANCES, at cost		
	3 479 000	3 035 000
PLANT AND EQUIPMENT, at cost:		
Land and timberland, less depletion	14 696 000	14 281 000
Buildings, machinery, equipment, etc.	268 592 000	247 860 000
Less—Reserves for depreciation	118 870 000	105 415 000
	164 418 000	156 726 000
DEFERRED CHARGES		
	4 385 000	3 709 000
	\$290 628 000	\$257 404 000

Notes to financial statements:

(1) Sinking fund requirements for the 3.30% sinking fund debentures are \$1,400,000 annually through 1979 and \$8,400,000 in 1980 and for the 4.40% sinking fund debentures are \$1,000,000 annually beginning in 1968 through 1986 and \$6,000,000 in 1987. Under the terms of the more restrictive of the debenture indentures and certain other restrictions, approximately \$73,000,000 of the consolidated earnings retained at December 31, 1962, were restricted as to dividends on and

acquisitions of capital stock.
(2) Under the stock option plan for officers and key employees, options for the purchase of 399,944 shares at prices ranging from \$18.19 to \$27.88 per share were outstanding at December 31, 1962. Of the total, 359,754 shares were exercisable at December 31, 1962, and the remainder became exercisable during the period from 1963 to 1965. Unexercised options expire by 1970. Options for 49,730 shares were exercised in

LIABILITIES	1962	1961
CURRENT LIABILITIES:		
Short-term loans and current portion of long-term debt	\$ 8 606 000	\$ 8 739 000
Accounts payable and accrued expenses	23 663 000	23 717 000
Accrued income taxes	12 839 000	15 184 000
Total current liabilities	45 108 000	47 640 000
DEFERRED INCOME TAXES AND OTHER LIABILITIES		
	6 879 000	3 844 000
LONG-TERM DEBT:		
3.30% sinking fund debentures, due 1980, less current portion (Note 1)	29 861 000	31 359 000
4.40% sinking fund debentures, due 1987 (Note 1)	25 000 000	—
Other	10 076 000	11 332 000
	64 937 000	42 691 000
MINORITY INTEREST IN SUBSIDIARIES		
	7 230 000	7 036 000
CAPITAL:		
4% cumulative preferred stock, \$100 par value; authorized and issued 61,000 shares, less 3,869 shares held in treasury at December 31, 1962	5 734 000	6 108 000
Common stock, \$5 par value; authorized 15,000,000 shares, issued 10,760,058 shares at December 31, 1962 (Note 2)	53 800 000	53 552 000
Shareholders' investment in excess of par value (Note 2)	3 789 000	3 010 000
Earnings retained for requirements of the business (Note 1)	103 151 000	93 523 000
	166 474 000	156 193 000
	\$290 628 000	\$257 404 000

1962. The increase in shareholders' investment in excess of par value during 1962 includes \$760,672 representing the excess of proceeds over par value of these shares and \$18,348 from purchases of preferred stock for sinking fund at less than par value.

(3) A reserve of \$1,200,000 has been established out of 1962 earnings to provide for the write-off of certain obsolete plants and related expenses. The effect on earnings was largely off-

set by the net proceeds, after costs and taxes, from the sale of oil and mineral rights.

(4) In 1962, in keeping with present trends in financial reporting, certain prepaid expenses and other assets have been classified as current assets, and deferred income taxes and certain other liabilities have been classified as long-term liabilities. The 1961 balance sheet has been reclassified on a comparable basis.

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES

**STATEMENTS OF CONSOLIDATED INCOME FOR THE YEARS ENDED
DECEMBER 31, 1962 AND 1961**

	1962	1961
NET SALES	\$343 045 000	\$330 098 000
COST OF SALES	272 596 000	262 412 000
Gross income from operations	70 449 000	67 686 000
SELLING, ADMINISTRATIVE AND RESEARCH EXPENSES	30 847 000	28 796 000
Income from operations (after depreciation and depletion provisions of \$14,772,000 in 1962 and \$13,467,000 in 1961)	39 602 000	38 890 000
OTHER DEDUCTIONS, net	1 312 000	2 082 000
Income before income taxes	38 290 000	36 808 000
PROVISION FOR INCOME TAXES	19 620 000	18 510 000
Net income for the year	18 670 000	18 298 000
SPECIAL ITEM—gain on sale of U. S. Plywood Corporation common stock, less related Federal income taxes	—	1 894 000
Net income and special item	\$ 18 670 000	\$ 20 192 000

STATEMENTS OF CONSOLIDATED EARNINGS RETAINED FOR REQUIREMENTS OF THE BUSINESS FOR THE YEARS ENDED DECEMBER 31, 1962 AND 1961

	1962	1961
BALANCE BEGINNING OF YEAR	\$ 93 523 000	\$ 83 213 000
NET INCOME FOR THE YEAR	18 670 000	18 298 000
SPECIAL ITEM—gain on sale of U. S. Plywood Corporation common stock, less related Federal income taxes	—	1 894 000
LESS CASH DIVIDENDS ON PREFERRED AND COMMON STOCK	9 042 000	9 882 000
BALANCE END OF YEAR (Note 1)	\$103 151 000	\$ 93 523 000

The accompanying notes are an integral part of these statements.

ARTHUR ANDERSEN & CO., 120 SOUTH LA SALLE STREET, CHICAGO 3

To the Shareholders of Container Corporation of America:

We have examined the consolidated balance sheet of CONTAINER CORPORATION OF AMERICA (a Delaware corporation) and subsidiaries as of December 31, 1962, and the related statements of consolidated income and consolidated earnings retained for requirements of the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had made a similar examination for the previous year. Financial statements of certain subsidiaries included in the consolidated statements were not examined by us, but we were furnished with reports of other auditors thereon.

In our opinion, based upon our examination and upon the reports of other auditors referred to above, the accompanying consolidated balance sheet and related statements of consolidated income and consolidated earnings retained for requirements of the business present fairly the financial position of Container Corporation of America and subsidiaries as of December 31, 1962, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Chicago, Illinois, February 5, 1963

ARTHUR ANDERSEN & CO.

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES

DOMESTIC AND OVERSEAS INCOME ACCOUNTS FOR THE YEARS 1962 AND 1961

(In thousands of dollars)

	Consolidated		Domestic		Overseas	
	1962	1961	1962	1961	1962	1961
Net Sales	343 045	330 098	273 268	263 300	69 777	66 798
Cost of Sales	272 596	262 412	216 241	208 487	56 355	53 925
Gross income from operations	70 449	67 686	57 027	54 813	13 422	12 873
Selling, administrative and research expenses	30 847	28 796	25 233	23 486	5 614	5 310
Income from operations	39 602	38 890	31 794	31 327	7 808	7 563
Other income, <i>deductions</i> , net (See Note)	293	1 170	214	416	507	1 586
Income before income taxes	39 309	37 720	32 008	31 743	7 301	5 977
Provision for income taxes	19 620	18 510	16 248	15 720	3 372	2 790
Income before minority interest	19 689	19 210	15 760	16 023	3 929	3 187
Minority interest	1 019	912	—	—	1 019	912
Net income for the year	18 670	18 298	15 760	16 023	2 910	2 275
Special item	—	1 894	—	1 894	—	—
Net income and special item	18 670	20 192	15 760	17 917	2 910	2 275

Note: Includes deductions of approximately \$351,000 in 1962 and \$1,096,000 in 1961 resulting from use of free rates for conversion of foreign currencies.

DOMESTIC AND OVERSEAS NET ASSETS—DECEMBER 31, 1962 AND 1961

(In thousands of dollars)

	Consolidated		Domestic		Overseas	
	1962	1961	1962	1961	1962	1961
Current assets:						
Cash and marketable securities	27 735	30 299	24 363	25 924	3 372	4 375
Receivables, less reserves	30 364	29 315	20 856	20 478	9 508	8 837
Inventories	33 187	30 979	23 094	21 749	10 093	9 230
Prepaid expenses	3 121	3 341	2 353	2 413	768	928
Total current assets	94 407	93 934	70 666	70 564	23 741	23 370
Cash and securities set aside for plant additions and improvements	23 939	—	23 939	—	—	—
Investments and advances	3 479	3 035	1 611	1 678	1 868	1 357
Plant and equipment, less reserves	164 418	156 726	116 008	109 489	48 410	47 237
Deferred charges	4 385	3 709	3 974	3 177	411	532
Total assets	290 628	257 404	216 198	184 908	74 430	72 496
Current liabilities:						
Short-term loans and current portion of long-term debt	8 606	8 739	256	163	8 350	8 576
Accounts payable and accrued expenses	23 663	23 717	17 692	18 371	5 971	5 346
Accrued income taxes	12 839	15 184	10 201	12 568	2 638	2 616
Total current liabilities	45 108	47 640	28 149	31 102	16 959	16 538
Deferred income taxes and other liabilities	6 879	3 844	6 140	3 030	739	814
Long-term debt	64 937	42 691	56 511	33 159	8 426	9 532
Total liabilities	116 924	94 175	90 800	67 291	26 124	26 884
Total net assets	173 704	163 229	125 398	117 617	48 306	45 612
Minority interest in subsidiaries	7 230	7 036	—	—	7 230	7 036
Company interest	166 474	156 193	125 398	117 617	41 076	38 576

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES

EARNINGS STATEMENTS FOR TEN YEAR PERIOD ENDED DECEMBER 31, 1962

	1962†	1961†	1960†	1959†
Sales	343 045 000	330 098 000	327 262 000	322 287 000
Cost of sales	272 596 000	262 412 000	260 954 000	255 218 000
Gross earnings	70 449 000	67 686 000	66 308 000	67 069 000
Selling, administrative, and research expenses	30 847 000	28 796 000	29 476 000	26 605 000
Earnings from operations	39 602 000	38 890 000	36 832 000	40 464 000
Other income, <i>deductions</i> , net	1 312 000	2 082 000	1 421 000	1 060 000
Earnings before income taxes	38 290 000	36 808 000	35 411 000	39 404 000
Provision for income taxes	19 620 000	18 510 000	18 335 000	19 765 000
Net earnings for the year	18 670 000	18 298 000*	17 076 000	19 639 000
Depreciation and depletion	14 772 000	13 467 000	12 829 000	11 703 000
Earnings per share of common stock	1.72	1.68*	1.57	1.83
Return on shareholders' investment	12.0%	12.6%	12.4%	15.4%

RECORD OF DIVIDENDS FOR TEN YEAR PERIOD ENDED DECEMBER 31, 1962

Total dividends	9 042 000	9 882 000	10 851 000	10 808 000
Dividends paid per share:				
Preferred stock	4.00	4.00	4.00	4.00
Common stock	.82½	.90	1.00	1.00

†Includes overseas subsidiaries

*Excludes non-recurring earnings of \$1,894,000 or 24¢ per share

1958†	1957	1956	1955	1954	1953	TOTAL
289 600 000	256 116 000	276 009 000	258 463 000	186 595 000	187 553 000	2 777 028 000
234 162 000	205 421 000	217 185 000	203 429 000	145 809 000	147 940 000	2 205 126 000
55 438 000	50 695 000	58 824 000	55 034 000	40 786 000	39 613 000	571 902 000
23 859 000	21 468 000	21 948 000	20 517 000	12 919 000	12 253 000	228 688 000
31 579 000	29 227 000	36 876 000	34 517 000	27 867 000	27 360 000	343 214 000
399 000	563 000	1 055 000	494 000	1 137 000	813 000	2 212 000
31 180 000	29 790 000	37 931 000	35 011 000	29 004 000	28 173 000	341 002 000
16 100 000	15 200 000	19 700 000	18 600 000	15 400 000	18 045 000	179 275 000
15 080 000	14 590 000	18 231 000	16 411 000	13 604 000	10 128 000	161 727 000
10 741 000	6 756 000	6 060 000	5 686 000	4 110 000	3 931 000	90 055 000
1.41	1.36	1.71	1.59	1.33	.99	
12.2%	12.6%	18.3%	18.4%	16.6%	13.0%	
10 797 000	10 801 000	8 767 000	7 824 000	6 569 000	5 806 000	91 147 000
4.00	4.00	4.00	4.00	4.00	4.00	
1.00	1.00	.81 1/4	.75	.62 1/2	.55	

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARIES

YEAR-END BALANCE SHEETS FOR TEN YEAR PERIOD ENDED DECEMBER 31, 1962

ASSETS

	1962†	1961†	1960†	1959†
Cash and marketable securities	27 735 000	30 299 000	20 138 000	16 425 000
Receivables less reserves	30 364 000	29 315 000	28 120 000	24 557 000
Inventories	33 187 000	30 979 000	32 430 000	31 725 000
Prepaid expenses	3 121 000	3 341 000	2 644 000	3 343 000
Total current assets	94 407 000	93 934 000	83 332 000	76 050 000
Cash and securities set aside for plant additions and improvements	23 939 000	—	—	—
Investments and advances	3 479 000	3 035 000	2 529 000	4 815 000
Land and timberland	14 696 000	14 281 000	12 182 000	10 721 000
Buildings, machinery and equipment	268 592 000	247 860 000	233 654 000	215 252 000
Reserves for depreciation	118 870 000	105 415 000	95 166 000	84 043 000
Deferred charges	4 385 000	3 709 000	3 464 000	3 316 000
	290 628 000	257 404 000	239 995 000	226 111 000

LIABILITIES

Short-term loans and current portion of long-term debt	8 606 000	8 739 000	6 042 000	8 246 000
Accounts payable and accrued expenses	23 663 000	23 717 000	20 765 000	19 592 000
Accrued income taxes	12 839 000*	15 184 000*	14 254 000*	12 704 000*
Total current liabilities	45 108 000	47 640 000	41 061 000	40 542 000
Deferred income taxes and other liabilities	6 879 000	3 844 000	3 254 000	2 509 000
3.3% debentures, due 1980	29 861 000	31 359 000	33 600 000	34 947 000
4.4% debentures, due 1987	25 000 000	—	—	—
Other long-term debt	10 076 000	11 332 000	9 979 000	4 112 000
Minority interest in subsidiaries	7 230 000	7 036 000	6 689 000	6 816 000
Capital:				
Preferred stock, less treasury stock and sinking fund provision	5 734 000	6 108 000	6 431 000	6 733 000
Common stock	53 800 000	53 552 000	53 365 000	52 778 000
Investment in excess of par value	3 789 000	3 010 000	2 403 000	686 000
Earnings retained	103 151 000	93 523 000	83 213 000	76 988 000
	290 628 000	257 404 000	239 995 000	226 111 000
*Accrued income taxes	12 839 000	15 184 000	14 254 000	12 704 000
Less U. S. Government Securities	—	—	—	—
Shareholders' investment	166 474 000	156 193 000	145 412 000	137 185 000
Investment per common share	14.94	14.01	13.02	12.36
Working capital	49 299 000	46 294 000	42 271 000	35 508 000
Current ratio	2.09 to 1	1.97 to 1	2.03 to 1	1.88 to 1

†Includes overseas subsidiaries

1958†	1957	1956	1955	1954	1953
19 005 000	15 605 000	17 093 000	18 219 000	10 779 000	15 796 000
22 643 000	15 600 000	15 078 000	14 634 000	8 942 000	7 503 000
29 680 000	24 232 000	22 252 000	23 522 000	13 790 000	10 262 000
3 206 000	2 314 000	2 267 000	2 254 000	1 470 000	1 008 000
74 534 000	57 751 000	56 690 000	58 629 000	34 981 000	34 569 000
—	—	16 754 000	25 000 000	1 318 000	5 515 000
2 286 000	12 806 000	11 942 000	6 958 000	11 725 000	2 531 000
10 622 000	8 927 000	8 436 000	8 702 000	5 637 000	4 421 000
200 527 000	159 784 000	125 651 000	109 289 000	85 638 000	77 883 000
74 365 000	62 835 000	58 086 000	55 654 000	42 181 000	38 385 000
3 273 000	3 103 000	1 657 000	1 559 000	1 214 000	906 000
216 877 000	179 536 000	163 044 000	154 483 000	98 332 000	87 440 000
15 020 000	—	—	—	—	—
18 228 000	12 506 000	11 222 000	11 832 000	8 950 000	5 700 000
11 560 000*	11 316 000*	—*	578 000*	—*	—*
44 808 000	23 822 000	11 222 000	12 410 000	8 950 000	5 700 000
1 715 000	276 000	—	—	—	—
35 000 000	35 000 000	35 000 000	35 000 000	—	—
—	—	—	—	—	—
1 259 000	550 000	700 000	850 000	—	—
6 308 000	666 000	645 000	6 782 000	—	—
7 007 000	7 297 000	7 341 000	7 892 000	8 192 000	8 494 000
52 564 000	52 545 000	52 544 000	25 225 000	24 958 000	19 810 000
59 000	—	—	19 914 000	18 410 000	3 830 000
68 157 000	59 380 000	55 592 000	46 410 000	37 822 000	49 606 000
216 877 000	179 536 000	163 044 000	154 483 000	98 332 000	87 440 000
11 560 000	12 576 000	17 363 000	19 115 000	16 935 000	21 087 000
—	1 260 000	17 363 000	18 537 000	16 935 000	21 087 000
127 787 000	119 222 000	115 477 000	99 441 000	89 382 000	81 740 000
11.49	10.65	10.29	9.07	8.13	7.40
29 726 000	33 929 000	45 468 000	46 219 000	26 031 000	28 869 000
1.66 to 1	2.42 to 1	5.05 to 1	4.72 to 1	3.90 to 1	6.06 to 1

CONTAINER CORPORATION OF AMERICA
38 SOUTH DEARBORN STREET, CHICAGO 3

DIRECTORS

WESLEY M. DIXON, CHICAGO, ILLINOIS
JOHN L. DOLE, CHICAGO, ILLINOIS
GAYLORD A. FREEMAN, JR., CHICAGO, ILLINOIS
ALBERT H. GORDON, NEW YORK, NEW YORK
ROBERT S. INGERSOLL, CHICAGO, ILLINOIS
RICHARD G. IVEY, LONDON, ONTARIO, CANADA
JOHN F. MERRIAM, OMAHA, NEBRASKA
LEO H. SCHOENHOFEN, CHICAGO, ILLINOIS
JOHN V. SPACHNER, CHICAGO, ILLINOIS

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GAYLORD A. FREEMAN, JR.
ALBERT H. GORDON
RICHARD G. IVEY
LEO H. SCHOENHOFEN
JOHN V. SPACHNER

OFFICERS

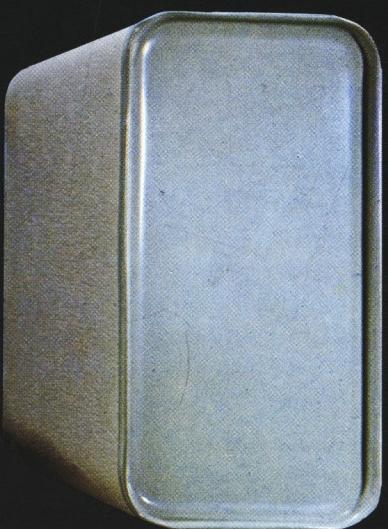
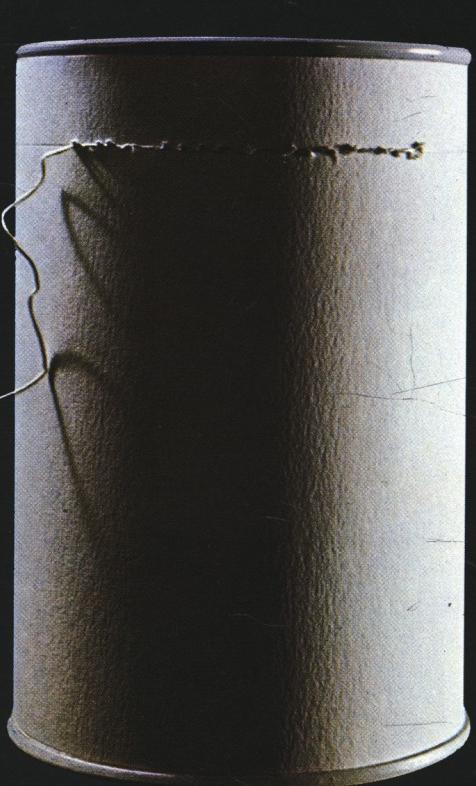
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LEO H. SCHOENHOFEN, PRESIDENT
THOMAS F. CASS, EXECUTIVE VICE PRESIDENT
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FIRST NATIONAL CITY BANK, NEW YORK, NEW YORK

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CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST
COMPANY, CHICAGO, ILLINOIS
CHEMICAL BANK NEW YORK TRUST COMPANY,
NEW YORK, NEW YORK





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